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FISCAL IMPACT STATEMENT

LS 6840
BILL NUMBER: SB 201

NOTE PREPARED: Dec 26, 2008
BILL AMENDED:

SUBJECT: State Energy Policy.

FIRST AUTHOR: Sen. Gard
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill authorizes the Indiana Utility Regulatory Commission (IURC) to determine the applicability of local zoning requirements to certain public utilities. It requires the Indiana Economic Development Corporation (IEDC), in conjunction with the IURC, to allow the recovery of reasonable and necessary costs incurred by a public utility in connection with a green infrastructure project that provides electric or gas service to or receives electric or gas service from an alternate energy production facility.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *IURC*: This bill will increase administrative expenditures of the IURC by requiring the IURC to evaluate applications to determine eligibility for financial incentives. The bill also requires the IURC to determine the applicability of local zoning requirements to certain public utilities. It is estimated that the IURC will be able implement these provisions with its existing level of resources.

IEDC: This bill will increase administrative expenditures of the IEDC by requiring the IEDC to work in conjunction with the IURC to evaluate applications. The bill provides that an application is considered approved after 60 days if the IEDC fails to make a decision. It is estimated that the IEDC will be able implement this provision with its existing level of resources.

State & Local Utility Expenditures: This bill could also increase expenditures by state and local agencies for utilities to the extent that the provisions allowing for cost recovery would increase utility rates. The overall impact on expenditures is indeterminable.

Explanation of State Revenues: *Utility Rate Increases:* It is estimated that utility rates could increase under the bill due to the provision allowing for reasonable and necessary cost recovery associated with green infrastructure projects that provide electric or gas service to an alternate energy production facility. To the extent that any of the provisions of this bill increase utility rates, there could be an increase in Utility Receipts Tax (URT), Utility Services Use Tax (USUT), and Sales Tax collections. The amount of any increase is indeterminable and will depend on rate adjustments allowed by the IURC for cost recovery.

Background Information - Green Infrastructure Incentive Program: This bill establishes a program to encourage green infrastructure projects by allowing the timely recovery of costs incurred by a public utility in connection with a green infrastructure project. As used in this bill, "green infrastructure project" means the construction, addition, extension, or improvement of a public utility's plant or equipment to provide electric or gas service to or receive electric or gas service from an alternate energy production facility.

This bill applies to public utilities as defined in IC 8-1-2-1(a). The term also includes the following:

- (1) a pipeline company that transports gas in or through Indiana.
- (2) A municipally owned utility (as defined in IC 8-1-2-1(h)).
- (3) A corporation organized under IC 8-1-13.
- (4) A corporation organized under IC 23-17-1 that is an electric cooperative and that has at least one member that is a corporation organized under IC 8-1-13.
- (5) A pipeline company that has applied for and received a certificate of public convenience and necessity issued by the Federal Energy Regulatory Commission under 15 U.S.C. 717f authorizing the pipeline company to build and operate a pipeline project in or through Indiana.

Taxes: The rate for both the URT and USUT is 1.4%. The URT is calculated on the gross receipts of all entities providing the retail sale of utility services in Indiana. The USUT is imposed on the retail consumption of utility services in Indiana. Both the URT and USUT are deposited in the state General Fund.

Sales Tax revenue is deposited in the state General Fund (99.178%), the Public Mass Transportation Fund (0.670%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Explanation of Local Expenditures: *See Explanation of State Expenditures.*

Explanation of Local Revenues:

State Agencies Affected: IURC; IEDC; All.

Local Agencies Affected: All.

Information Sources:

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